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OVERVIEW OF AUDIT MANAGEMENT ACTIVITIES

The Environmental Protection Agency submits this Fall 1996 semiannual audit activity report in accordance with the requirements of the Inspector General Act Amendments of 1988. The report highlights significant audit management accomplishments and initiatives undertaken at EPA. It also provides an overview of audit activity in the previous six-month period -- April 1, 1996 through September 30, 1996. Complimenting this report is EPA's Office of Inspector General Semiannual Report to the Congress: April 1, 1996 through September 30, 1996. The OIG report highlights audit activity and describes its efforts to promote EPA's program efficiency and effectiveness.

AUDIT MANAGEMENT ACCOUNTABILITY

On March 5, 1996, the Administrator announced the decision to create a new office, under the leadership of EPA's Chief Financial Officer (CFO), to implement an integrated approach to performing planning, budgeting, analysis and accountability (PBAA) functions. The new approach seeks to: improve the link between long-term environmental planning and resource management; make better use of scientific information in setting priorities; and advance a new accountability system to assess accomplishments and provide feedback for future decisions.

This integrated approach encompasses EPA's efforts to implement the requirements of the Government Performance and Results Act (GPRA). GPRA requires the Agency to produce an Agencywide Strategic Plan with goals, principles, and objectives; an integrated Annual Performance Plan, complete with planned activities and performance targets; and an annual Performance (Accountability) Report, which provides a means for the Agency to evaluate progress and communicate achievements to our stakeholders, including the Congress.

The key to the new PBAA process is harnessing the power of timely, accurate and useful information to make effective program management decisions and ensure accountability for public resources. One of the tools for doing this is the Agency's audit management program. By participating in the audit process as a means for learning about EPA's management weaknesses and potential vulnerabilities, the Agency can position itself to take prompt, responsive action. Serving as the Agency's Audit Followup Official, the CFO ensures that audit issues are resolved and appropriate corrective actions are taken.

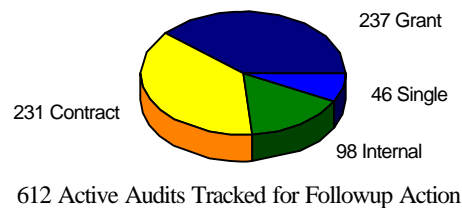
As the new approach is implemented, audit management will play a role in defining the value of performance measurement, audited financial statements, program cost accounting and accountability within the broader framework of a PBAA system. This integrated system will provide information and structure for senior EPA managers and stakeholders to make more

informed decisions on environmental priorities and the strategies that can best achieve those results.

OVERVIEW OF AUDIT ACTIVITY

During this management monitored followup action on 612 below, these 612 fall into

EPA MONITORS A LARGE DATABASE OF AUDITS



reporting period, EPA active resolution and audits. As illustrated four major categories.

Grant audits make up 39% of the 612 active audits EPA monitored, with 82% of those being final audits of construction grants. Contract audits make up 38% of the active audits monitored this period; 30% of those contract audits are reviews of preaward contract proposals.

► Final Action Taken on Audit Reports

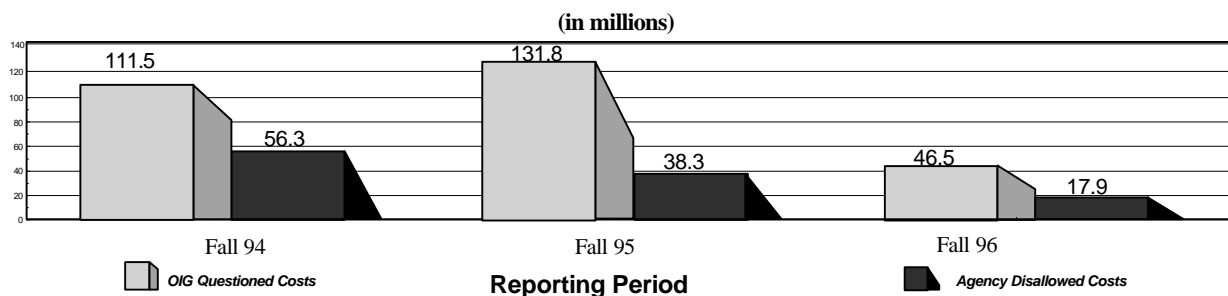
In the reporting period, EPA had a total of 394 management decisions pending final action. This is a decrease of 125 from the pending final actions noted in the Spring 1996 report. Since EPA began Congressional semiannual reporting on its audit activity, the number of audit reports pending final action during each semiannual period has averaged 536. The number has ranged from a high of 791 (Spring 1990) to the current low of 394.

During the six-month period -- April 1, 1996 through September 30, 1996 -- EPA completed final action on 134 audits. This is a decrease of 114 from the previous reporting period. Of these, 90 were financial assistance audits with \$17,873,145 in disallowed costs recovered, written off or reinstated on appeal; 26 were audits of preaward contract proposals resulting in \$12,319,590 of unobligated funds reported as put to better use; and 18 were performance audits with internal EPA corrective actions completed. Tables 1 and 2 below present detailed information on this audit activity.

External Financial Audits - For external financial audits, final action occurs when the Agency: 1) recovers from the grantee costs disallowed in the Agency's management decision on the audit; 2) reinstates these costs as allowable through an appeal of the grantee; or 3) writes off the amount as an uncollectible claim. For the 90 external financial audit reports in which EPA took

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OIG QUESTIONED COSTS VS. AGENCY DISALLOWED COSTS



General had questioned \$46,476,866. After careful review, the OIG and the Agency agreed to disallow \$17,873,145 of these questioned costs.

There are several reasons why the costs questioned in an audit may exceed the costs EPA eventually disallows. In many cases, the audited grantees or contractors provide additional cost documentation to the Agency after the audit is completed. This documentation was not available to the auditors and often supports the allowability of the claimed costs. Second, EPA officials may allow additional claimed costs based on further clarification of the grantee's activities as they relate to the grant regulations.

In either case, prior to issuing the determination to the grantee, EPA requires Agency officials to reach agreement with the OIG on the amount of costs that management will disallow. The grantee has the opportunity under Federal regulations to formally appeal this EPA determination. On the basis of the information provided in the appeal, the Agency may reinstate to the grantee all or portions of the costs disallowed in the determination.

The Agency seeks to recover the final amount through an offset against future payments to the grantee or contractor, a "cash" collection, receipt of property, or through other means the Agency determines are appropriate. If efforts to recover these funds from the recipient are not

successful, the Agency may deem the funds uncollectible and write-off the amount.

As stated above, from April 1, 1996 through September 30, 1996 the Agency took final action on 90 external financial audits. Of the \$17,873,145 that EPA disallowed in these audits, the Agency recovered \$15,893,834, reinstated \$891,364 on appeal, and wrote off \$1,087,947 as uncollectible.

Audits of Preaward Contract Proposals - Audits of preaward contract proposals evaluate whether the prospective costs and pricing data submitted in contract proposals were appropriate, accurate and complete. Final action occurs when the Agency awards the contract or cancels the solicitation. The Agency completed final action on 26 audits of preaward contract proposals in this reporting period. Of these, 16 audits resulted in \$12,319,590 in the value of recommendations that were actually completed.

Internal Performance Audits - Internal performance audits are audits of internal Agency programs, organizations, functions or activities. For these audits, final action occurs when the Agency completes implementation of the corrective actions to remedy weaknesses identified in the audit. Many of these audits involve complex issues and require extensive, long-term effort by the responsible office. In some cases, EPA's corrective action plans are based on the need for states or other entities to implement their own corrective actions which are beyond EPA's direct control. The Agency completed final action on 18 internal performance audits in this reporting period. One of these resulted in a dollar value of \$700,000 in recommendations that were actually completed.

► **No Final Action on Audit Reports After One Year**

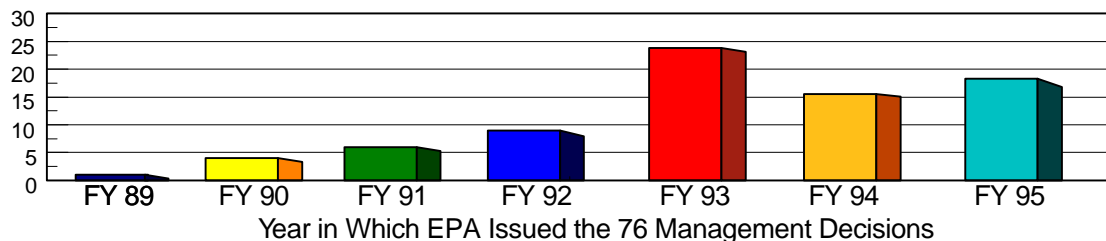
As of September 30, 1996, EPA officials had not completed final corrective action on 76 audits within one year after the management decision. This is an increase of 1 over the 75 reported in the Spring of 1996. Of these 75, EPA completed final action on 16 audits, and 17 new audits met the reporting criteria.

Of the 76 audits now awaiting final action after one year, the Agency expects to close 26 by March 31, 1997. EPA will close an additional 22 upon receipt of a monetary reimbursement from the grantee or contractor. As shown below, 11 audits from FY 1989 to FY 1991 are still awaiting final action; 10 are external financial audits awaiting repayment from the grantee as final action, and 1 is an internal performance audit with final action expected by early FY 1997.

The chart below illustrates the types of audits reported this period with corrective actions exceeding one year. The majority are internal performance audits of Agency operations. They amount to 46% of the total. Table 4 of this report lists in detail the explanations for each of these 76 long-term corrective actions.

ACHIEVING FINAL ACTION MAY TAKE SEVERAL YEARS

76 Audits Await Final Action More Than One Year After Management Decision Made



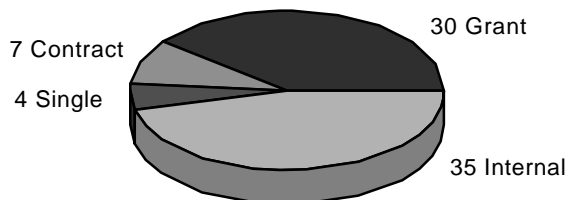
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external audits remains open one year after issuance of the management decision is that the Agency is awaiting monetary reimbursement from the grantee. Once the EPA collects the Federal share of costs owed the government, EPA closes followup action on the audit. Of the 26 external financial audits reported in the previous semiannual report as having no final action after one year, EPA closed 2. Accounts receivable collection or other activities continue on the remainder.

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TYPES OF AUDITS WITH NO FINAL ACTION AFTER ONE YEAR



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remains open one year after issuance of the management decision is because of the need for long-term corrective actions. As stated above, EPA officials may base their corrective action plans on the need for regulatory changes, statutory reauthorization or for states and other entities to implement their own corrective actions.

In this report, final corrective action on 35 internal performance audits remains incomplete after one year. Of the 35 reported in the previous semiannual report, final action on 6 is now complete. Of the 35 noted in this report as awaiting final action after one year, the Agency expects an additional 13 to close by March 31, 1997.

► **Appeals of Management Decisions**

EPA regulations allow grantees to appeal management decisions on financial assistance audits that seek monetary reimbursement from the recipient. These appeals require EPA to suspend taking action to collect the account receivable until the Agency issues a decision on the appeal.

As of September 30, 1996, there were 113 management decisions in appeal status. The majority, or 94%, of the management decisions in appeal are from audits of construction grants. Two of these management decisions have been in appeal since late FY 1989. These two are part of a larger group of appeals from the two assistance recipients. In these cases, the Regional offices are now reviewing their earlier appeal decisions based on guidance received from Headquarters. EPA anticipates resolving these issues in FY 1997.

**TABLE 1: FINAL ACTION ON
AUDIT REPORTS WITH DISALLOWED COSTS**

	Number of Audits	Disallowed Costs
A. Balance reported at the end of previous period.	225	\$226,444,734
B. Adjustments to the balance of the previous report. ¹	1	<u>-2,401,415</u>
C. Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	226	<u>224,043,319</u>
D. Audit reports on which management decisions were made during the period.	70 ²	16,504,368
(I) Management decisions with disallowed costs.	30	16,504,368
(ii) Management decisions with no disallowed costs.	9	<u>0</u>
E. Total audit reports pending final action during the period.	296	<u>240,547,687</u>
F. Audit reports on which final action was taken during the period.	90	17,873,145
(I) Recoveries		
a) Offsets		15,414,929
b) Collections		388,162
c) Value of Property		0
d) Other		90,743
(ii) Write-Offs		1,087,947
(iii) Reinstated Through Grantee Appeals		<u>891,364</u>
G. Audit reports needing final action at the end of the period (subtract F from E).	206	<u>\$222,674,542</u>

¹ Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.

² This includes 31 management decisions on audits for which no costs were questioned.

**TABLE 2: FINAL ACTION ON AUDIT REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	Number of Audits	Dollar Value
A. Balance reported at the end of previous period.	46	\$43,529
B. Adjustments to the balance of the previous report ¹	1	<u>700,000</u>
C. Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	47	<u>743,529</u>
D. Audit reports on which management decisions were made during the period.	51 ²	12,319,590
(I) Management decisions with funds to be put to better use	6	12,319,590
(ii) Management decisions with no funds to be put to better use	8	<u>0</u>
E. Total audit reports pending final action during the period.	98	<u>13,063,119</u>
F. Audit reports on which final action was taken during the period.	44	13,019,590
(I) Value of recommendations that were actually completed		13,019,590
(ii) Value of recommendations that management decided should not or could not be completed		<u>0</u>
G. Audit reports needing final action at the end of the period (subtract F from E).	54	<u>\$43,529</u>

¹ Differences in number of reports and amounts of funds put to better use between this report and our previous semiannual report result from adjustments made to our audit tracking system.

² This includes 37 management decisions on audits for which no funds were recommended for better use.

TABLE 3: AUDIT REPORTS WITH MANAGEMENT DECISIONS UNDER ADMINISTRATIVE APPEAL*

	Number of Audits	Associated Costs
A. Balance reported at the end of the previous period.	122	\$186,478,094
B. Adjustments to the balance of the previous report. ¹	1	<u>-2,742,198</u>
C. Audit reports with management decisions under appeal by the grantee at the beginning of the period.	123	<u>183,735,896</u>
D. Decisions on appeals during the period.	14	13,811,083
(I) Disallowed costs reaffirmed in the decision that were collected or offset during the period.		11,942,457
(ii) Disallowed costs reaffirmed in the decision that are awaiting to be recovered.		977,262
(iii) Disallowed costs reinstated to the grantee.		891,364
E. Audit reports with management decisions being appealed by the grantee new to this period.	4	<u>36,852,809</u>
F. Audit reports awaiting decision on appeal.	113	<u>\$206,777,622</u>

¹ Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.

* EPA has no audit reports under judicial appeal or where a legislative solution is being sought.

TABLE 4: AUDIT REPORTS WITH A MANAGEMENT DECISION BUT NO FINAL ACTION AFTER ONE YEAR

INTERNAL AND MANAGEMENT AUDITS

Internal and management audits are independent reviews of Agency programs and operations to determine whether results and objectives are achieved effectively, resources are managed efficiently, and applicable laws and regulations are complied with properly. Final actions for an audit occur when all corrective actions have been implemented. Final action may take longer than one year when corrective actions are complex and lengthy. (Audit Report Number and Management Decision Date are reflected for each audit).

WASTE TECH IND (C/I), OH (2400056)

10/15/92

Delay was necessary by the HQ decision to enhance the credibility of the risk assessment by subjecting it to review by outside expert scientists. All corrective actions are expected to be completed by 11/30/96.

REGION 5 ALLEGATIONS (5400063)

09/18/95

Correction action is underway and final action cannot be determined at this time.

REGIONAL VEHICLE ASSIGNMENT (4400110)

03/31/95

The Region is in the process of determining which on-scene coordinators will have a regional vehicle assigned on a full-time basis. The target date for completion of corrective action is 11/30/96.

SPECIAL IRM REVIEW-CONG REQ (4400038)

09/30/94

Twenty two of 35 commitments have been met and 13 are still in progress. Many of the milestones involved are very complex projects that will take several years to complete. Final action is anticipated by 3/1/98.

PCIE TASK 1 (2100641)

0127/93

The program office has completed 17 of the 19 corrections pertaining to this audit. The target date for completion of all actions is January 1998. The program is finishing system development life cycle guidance which will address quality assurance for information systems. In addition, much progress is being made on an integrated plan, with completion of all milestones under this task expected during the first quarter of FY 1998.

EPA USE OF SUBCONTRACTORS, GA (5100247)

09/21/95

The program office has completed 17 of 30 milestones. Final corrective action is expected by 2/28/97.

IPA (5400052)

08/04/95

The only remaining corrective action to be met on this audit is the completion of an Agency Intergovernmental Personnel Act policy and procedures manual. The final product is expected to be in place by 2/28/97.

SF FY 91 SF TRUST FUND (2100660)

03/25/93

Completion of the one remaining corrective action was delayed due to a shortage of resources. Final action is expected 6/30/97.

SF INDIRECT COST RATES 87-88 (3100114)

07/06/93

The Agency completed final action on 10/29/96.

FINANCIAL STATEMENT AUDITS, DC (3100264)**11/05/93**

Reconciliation of the deferred revenue account was delayed due to a shortage of resources. Final action is expected 4/30/97.

PESTICIDE FINANCIAL STATEMENT (3100265)**11/12/93**

The one remaining corrective action was delayed due to a shortage of resources. Final action is expected 12/06/96.

RECONCILING CASH (3100391)**12/23/93**

Reconciliation of cash differences for FY 1991 - 1994 is delayed until the completion of the audit of the FY 1996 Financial Statement. Final action is expected 9/30/97.

FY 93 FINANCIAL STATEMENT (4100231)**07/11/94**

The Office of Inspector General (OIG) did not accept the proposed methodology for grant accrual accounting. The OIG and the Agency are working together to create a new policy in this area. Final action cannot be determined at this time.

HANDLING OF BANKRUPTCY SETTLE (4100579)**02/03/95**

The Agency completed final action on 10/10/96.

FINANCIAL MGMT REVIEW - SF (4400042)**10/06/94**

One recommendation, to create Agency-wide Senior Resource Official financial performance measures, remains open. Final action is expected 1/1/97.

FY 94 FINANCIAL STMTS (5100192)**06/15/95**

The Agency's corrective action plan estimates final action on 7/30/97.

GLP AUDIT, DC (2400032)**06/25/92**

A subcommittee of the Environmental Laboratory Advisory Board will make interim recommendations to the Agency regarding laboratory accreditation of Good Laboratory Practices (GLP) labs at the mid-year meeting in February 1997. A final recommendation will be made at the annual meeting in July 1997.

PCB FOLLOW-UP, DC (2400065)**01/11/93**

In light of the new PCB Disposal Regulations being finalized by the end of 1996, completion of the Inspection Guidance Manual is being rescheduled until after the new regulations are released to allow for their inclusion.

PESTICIDES IMPORTS-FOLLOW-UP, TX (3100097)**05/17/93**

On 3/5/96, the program office and U. S. Customs Service signed a formal Memorandum of Understanding (MOU). In FY 1997, the program office and Customs are working together to implement the MOU and to build capacity for transboundary enforcement. Final action cannot be determined at this time.

SUPERFUND CAPPING REPORT, NY (3100152)**06/28/93**

Enforcement response policies have been reviewed for all the regions. HQ comments have been provided. Detailed reviews of regional compliance monitoring systems/practices have been completed for several regions. The national implementation of CERCLIS-3 Superfund Information Management System is expected in the fall of 1997.

MITIGATION OF PENALTIES F/U (4400107)**09/15/94**

EPA issued the interim revised policy in May 1995, and it was published in the Federal Register for comment. Sufficient experience has been obtained with the interim policy to commence efforts to finalize it. An interagency workgroup has been formed to identify and research key issues. Issuance of the final version is expected in March 1997.

PESTICIDES INERTS (1100378)**04/09/93**

Difficulties were experienced in finding and obtaining references to key studies. The program office expects to complete all but one remaining action by 9/30/97. That one, "to issue DCIs [data call-ins] for all inerts of unknown toxicity" (500 chemicals), cannot be completed before December 1999 due to limitations on resources.

PESTICIDES BANNED F/U (3400030)**03/26/93**

Proposal of the final rule has been delayed due to the complexity of the rule, the large number of public comments, the competing priorities for resources within the pesticide program, and the loss of staff. Promulgation of the Phase II final rule is anticipated in late 1997.

PESTICIDES THEME REPORT (4100205)**03/11/94**

This audit was extensive and covered all aspects of the pesticide program except enforcement. Some of the 34 corrective actions are complete; the others are ongoing with delays experienced because of budget constraints, because they required substantial long-range changes, or because of mandatory requirements for rule-making. Expect completion of all corrective actions by the end FY 1998.

ATHENS ERL-ORD, GA (3100156)**04/01/93**

All but one of the corrective actions have been completed. The remaining action is expected to be completed by 12/30/96.

ENV. RES. LAB NARRAGANSETT, RI (3100236)**06/14/93**

The program office has completed 67 of the 68 commitments. The final action item is expected to be completed by 12/30/96.

GULF BREEZE LAB AUDIT, FL (4100237)**09/02/94**

The program office review resulted in a report issued May 1995. Corrective actions are underway. Final action is expected by 7/31/97.

PROCEDURES LISTING SF SITES (4100180)**06/20/94**

The remaining milestones are on hold pending Superfund Reauthorization. Final action cannot be determined at this time.

FMFIA CAPPING, OSWER, WATER (4100224)**07/01/94**

The program office is continuing to work on the automation system, which is the remaining outstanding milestone. Completion is expected by the end of FY 1997.

LUST-NATIVE AMERICAN LANDS (4100573)**01/19/95**

The program office has completed most of its milestones and will continue working on the remaining milestones in FY 1997.

REVITAL ENF PILOTS (4400037)**07/11/94**

The remaining milestones are on hold pending Superfund Reauthorization. Final action cannot be determined at this time.

RESPONSE CLAIMS FOLLOW-UP (4400091)**11/21/94**

The program office has committed to amending the mixed funding procedures as part of the recent administrative reforms. Based on this revision, any documents identified in the milestones would be obsolete upon issuance. The program office anticipates having a draft regulation published in the Federal Register by February 1997. When the amendments become final, EPA will reissue both guidance and Model Consent Decree language.

OIL AND GAS WASTES (0400018)**11/15/90**

Twelve of the 13 commitments have been met. The last commitment is promulgation of coastal oil and gas effluent guideline. The proposal was signed by the Administrator in January 1995. The final guideline is scheduled for signature in FY 1997.

CWA SECTION 404 CONSOLIDATED, GA (1100434)**03/05/93**

One pending commitment -- development of a strategic plan -- which has been tied up in various political, policy, and budget debates, is now undergoing Agency review. Expect final strategy in March 1997.

REVIEW OF ADEC SDW PROGRAM, AK (3300012)**07/25/94**

The Project Officer has been following up periodically to ensure corrective action is on schedule. Expect final notification of correction by 12/31/96.

AUDITS OF CONSTRUCTION GRANTS, SUPERFUND GRANTS AND OTHER PROGRAM GRANTS

These grant audits are independent reviews of the records and performance of individual assistance recipients. These audits generally involve findings which require a repayment of Federal funds received for final action. Final action can take longer than a year as the grantee may appeal, refuse to repay, or be placed on a repayment plan that spans several years. (Audit Report Number and Management Decision Date are reflected for each audit).

WASHINGTON DEPT OF ECOLOGY, WA (1100146)**09/30/93****Disallowed: \$220**

All funds have been collected. One corrective action remains to be completed. Expect confirmation of completion by 11/29/96.

ALASKA DEPT OF ENV CONSER, AK (1100156)**09/30/93****Disallowed: \$33,143**

Awaiting final confirmation of adequate corrective action on procurement and leave allocation issues and closeout of old agreement. Expect these to be completed by 11/29/96.

ENV MGT CORP (UTICA), MI (4100836)**02/05/90****Disallowed: \$110,106**

The U. S. Attorney's Office of Michigan has negotiated a repayment schedule with the contractor. The Agency has no direct involvement in this process. EPA receives quarterly payments of \$7,500.

WASHINGTON DEPT OF ECOLOGY, WA (1300047)**03/31/93****Disallowed: \$1,170**

Funds have been fully collected. Confirmation of adequate corrective action on the final unresolved issue of leave allocation is expected before 11/29/96.

WASHINGTON DEPT OF ECOLOGY, WA (1300066)**09/30/93****Disallowed: \$16,210**

Awaiting confirmation of adequate corrective action on two remaining issues: (1) cost price analysis and appropriate award, and (2) procurement. All other corrective actions are complete and disallowed costs have been collected. Final action to be taken by 11/29/96.

WASH DOE MULTI-SITE, WA (2100299)

09/30/93

No costs were disallowed and all other issues but one have been adequately corrected. Final action is expected by 11/29/96.

NEWBERG, CITY OF, OR (2300088)

07/27/94

Disallowed: \$15,804

The City cannot certify operation of the composter. The City and contractor dispute performance requirements. Confirmation of completion of final action is expected by 6/1/97.

LEOLA SEWER AUTHORITY, PA (2200014)

10/07/92

Disallowed: \$358,184

An open account receivable in the amount of \$85,739 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

EQB-FOLLOWUP REVIEW SUPERFUND, PR (2300054)

03/29/93

Corrective action progress has been made. The region continues to provide technical assistance and to monitor the Puerto Rico Environmental Quality Board's (EQB) corrective actions. Specifically, an on-site visit was conducted in March 1996. Final closure is expected in November 1996.

PRASA FOLLOW-UP, PR (5400060)

09/29/95

The program office is preparing a status report on Puerto Rico Aqueduct and Sewer Authority (PRASA) progress in meeting agreed-upon performance measures. Once the program report is issued and a monitoring system is fully implemented, final action will occur. Expect completion by January 1997.

BALTIMORE MAYOR & CTY COUN, MD (9100143)

07/24/89

Disallowed: \$20,734

An open account receivable in the amount of \$1,096 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

COAL RIVER PSD, WV (1200001)

04/18/91

Disallowed: \$80,282

An open account receivable in the amount of \$37,864 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

ELMHURST TOWNSHIP, PA (1200022)

12/13/91

Disallowed: \$97,531

An open account receivable in the amount of \$3,666 is recorded in the Region as of 9/30/96. Grantee has agreed to settle the debt (initially \$5,982) through installment payments to the Region. The estimated date for final action is 9/30/97.

BATH COUNTY SERVICE AUTH, VA (1200023)

01/17/92

Disallowed: \$83,974

An open account receivable in the amount of \$17,390 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

GREEN VALLEY PSD, WV (2200004)

04/30/92

Disallowed: \$228,465

An account receivable in the amount of \$48,092 was forwarded to the HQ Claims Office on 5/6/94. Receivable remains in Claims Office as of 9/30/96. The estimated date for final action cannot be determined at this time.

RED JACKET PUBLIC SERVICE, WV (2300051)	02/08/93	Disallowed: \$241,555
An open account receivable in the amount of \$105,982 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.		
CONSUMER & REG AFFAIRS, DC (9100295)	11/21/89	Disallowed: \$149,035
An open account receivable in the amount of \$7,510 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.		
DISTRICT OF COLUMBIA, DC (9100494)	01/12/90	Disallowed: \$2,070,462
An open account receivable in the amount of \$223,903 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.		
CARYVILLE, TN (2200019)	11/10/92	Disallowed: \$321,556
This account has been referred to the HQ Claims Office. The OIG has reviewed financial data for a hardship determination and concluded that the debt can be paid in installments. Debtor has been contacted and a repayment method is being negotiated. Final action cannot be determined at this time.		
IUKA, IL (0200010)	02/07/91	Disallowed: \$49,394
The Region is pursuing a refund from the grantee. This debt was forwarded to the HQ Claims Office on 5/22/96. Final action cannot be determined at this time.		
LUCE CO, MI (0300021)	05/17/90	Disallowed: \$56,250
The Region is pursuing a refund from the grantee. This debt was referred to the HQ Claims Office on 5/22/96. Final action cannot be determined at this time.		
ST JOHN, IN (1300020)	04/30/91	Disallowed:
\$147,370		
The Region has been unable to collect monies owed. This debt was referred to the HQ Claims Office on 5/22/96. Final action cannot be determined at this time.		
LAKEWOOD, OH (1400057)	02/05/92	Disallowed: \$119,975
The grantee is in the process of making installment payments. Region anticipates taking final action when it collects the full amount of the account receivable. Per agreement, the final payment is due 4/1/97.		
KALAMAZOO, MI (2400028)	09/22/92	Disallowed: \$130,769
The Regional Administrator decision on the appeal was issued 9/20/96. The grantee has until 10/20/96 to submit the refund or appeal further to the Assistant Administrator.		
MISSOURI DNR, MO (3300032)	08/13/93	Disallowed: \$198,424
The grantee has provided accounts receivable information in response to the audit report. This information is being reviewed by regional Grants Administration and Financial Management offices. The region expects to take final action by 12/31/96.		
SULTANA COMM SER DIST, CA (0200001)	03/29/91	Disallowed: \$39,013
The Office of General Counsel (OGC) reported that the debt collection case had been referred to Department of Justice		

as of 2/9/96. Final action cannot be determined at this time.

EL MIRAGE, CITY OF, AZ (2200036)

08/27/93

Disallowed: \$43,188

On 7/18/96, the OGC indicated that additional time was being allowed to negotiate the terms of debt collection with the grantee. Final action cannot be determined at this time.

SUTTER CREEK, CITY OF, CA (2200040)

11/08/93

Disallowed: \$140,804

On 7/18/96, the OGC indicated that the OIG had been tasked to perform a financial capability review of the grantee. Both OGC and the OIG expect the grantee to pay its debt. Final action cannot be determined at this time

LAKEPORT SD MIDDLETOWN, CA (3400016)

09/19/94

Corrective actions targeted for completion by 12/31/96 will address a number of system deficiencies. Certification and resumption of operation is expected by the target completion date.

OAKLAND, CITY OF, CA (5200011)

06/08/95

Disallowed: \$245,664

The region is awaiting approval of an affirmative project performance certification before taking final action. The target date for final action is 12/31/97.

AUDITS OF SUPERFUND CONTRACTS AND OTHER PROGRAM CONTRACTS

Reviews of preaward contract proposals evaluate whether the prospective cost or pricing data submitted were current, accurate and complete. Final action occurs when the contract is awarded or the solicitation is canceled. Incurred cost audits and final cost audits review the allowability of costs claimed under the contract and determine compliance with terms and conditions of the award. Final action occurs when repayments to EPA are received or corrective actions are implemented. Indirect cost audits evaluate whether a contractor's prospective or incurred indirect cost rate properly allocates allowable costs. Final action occurs when repayments to EPA are received or corrective actions are implemented. (Audit Report Number and Management Decision Date are reflected for each audit).

WESTINGHOUSE HAZTECH, GA (3100012)

03/21/94

The audit is incomplete as it did not include an assist audit for the corporate allocation. The Defense Contracting Audit Agency audit of the corporate allocation is complete. However, the Department of Defense, the action agency, does not anticipate completing negotiations until 12/31/96. Nevertheless, the EPA Financial Administrative Officer has completed negotiations on the issues contained in the subject audit report.

MANTECH RESEARCH, NC (5100213)

04/26/95

The subject audit can not be negotiated until an assist audit for the corporate home office is provided. Receipt of the assist audit is anticipated during FY 1997.

MANTECH TECHNOLOGY, NC (5100214)

04/26/95

The subject audit can not be negotiated until an assist audit for the corporate home office is provided. Receipt of the assist audit is anticipated during FY 1997.

ICF ESTIMATING SYS. VULNERA. (5400045)

04/06/95

An acceptable corrective action plan is in place on 8 of the 9 items. The contractor is working on the corrective action for one deficiency which is expected to be received by 11/30/96.

ICF EDP GEN APPL CNTL SURVEY (5400066)

07/17/95

The Agency is awaiting receipt of the contractor's action plan and implementation schedule. Expect receipt by 11/30/96.

GUARDIAN ENVIRONMENTAL SVC, DE (1300101)

09/28/92

Many issues raised in the audit must await final settlement of all delivery orders under 2 other contracts. Settlement of the delivery orders is in process. Final action is anticipated by 12/30/96.

RES-SELF INSURANCE, OR (3400095)

11/18/94

Disallowed:

\$2,800,000

The Department of Justice settled a civil case under the False Claims Act in November 1994 for \$2.8 million as a result of this audit. The contractor has been making quarterly payments but failed to make the May and August 1996 payments. EPA's Office of General Counsel is consulting with the DOJ.

SINGLE AUDITS

Single audits are external audits which examine the financial operations of a State or local government to ensure a grantee complies with generally accepted accounting and financial procedures. Single audits are issued on a yearly or bi-yearly basis on all federally funded grantees. Generally, the findings are non-monetary compliance actions that must be corrected. The non-monetary corrective actions may take longer than one year to implement if the findings are complex or if the grantee does not have the resources to take corrective action. (Audit Report Number and Management Decision Date are reflected for each audit).

EQB, PR (2500704)

03/29/93

The Puerto Rico Environmental Quality Board (EQB) has improved its financial management and grant accounting procedures per the CPA firm currently performing the EQB Single Audit. Final closure is expected in November 1996.

VA CONSERVATION & HISTORIC, VA (0500893)

11/19/90

Disallowed: \$4,656

An open account receivable in the amount of \$4,656 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

WYSOX TOWNSHIP, PA (2500378)

06/25/92

Disallowed: \$255,300

An open account receivable in the amount of \$255,300 is recorded in the Region as of 9/30/96. The estimated date for final action cannot be determined at this time.

PYRAMID LAKE PAIUTE TRIBE, NV (5500073)

05/18/95

Disallowed: \$1,442

On 5/15/96, the Region sent a dunning letter to the grantee to recover the disallowed costs plus interest. Once these costs are recovered, final action will be complete.

TOTAL AUDIT REPORTS WITH A MANAGEMENT DECISION BUT NO FINAL ACTION AFTER ONE YEAR: 76